

Opening Statement of the Honorable Fred Upton
Subcommittee on Commerce, Manufacturing, and Trade
Hearing on "Discussion Draft of H.R. __, Data Security and Breach
Notification Act of 2015"
March 18, 2015

(As Prepared for Delivery)

We are at a critical point for consumer protection in the United States. Our interconnected economy, with many great benefits, also poses new threats from thieves and new challenges to information security. As the Internet weaves itself into the DNA of appliances, cars, and clothing, the threats for exploitation multiply, but the most serious underlying criminal purpose remains the same: to steal and monetize personal information.

As data breaches have evolved, the one constant is that identity theft and payment card fraud are the crimes that pay the criminals. According to the Bureau of Justice Statistics, personal identity theft cost our economy nearly 25 billion dollars in 2012, making it the biggest threat to personal property today. There is not a single member of this committee who doesn't represent someone who has suffered from either identity theft or payment fraud. I know in southwest Michigan it's a real concern.

The bipartisan draft legislation we consider today establishes a reasonable national security standard with the flexibility to adapt to changing security technology. The FTC and the State AGs will be policing companies to hold them accountable for protecting consumers. The draft also focuses on the personal information that criminals have targeted - the cyber gold that attracts today's cyber safecrackers.

I would like to thank Representatives Blackburn and Welch for bringing us a big step closer to a bipartisan solution. Other members of the committee, including Mr. Barton and Mr. Rush, have also rolled up their legislative sleeves over the years on this. And I thank Chairman Burgess for making this issue the top priority of the subcommittee.

I also commend the narrow approach - by targeting the most sought-after personal information and the areas lacking current federal protections, this bill avoids controversial issues that have derailed past efforts. Our goal is to create clear requirements to secure personal information from - and notify consumers in cases of - unauthorized access; the goal is not to broadly regulate the use of data.

Some have argued that our legislation should be in addition to state laws. But the truth is, the state approach has not addressed the problem and does not adequately protect all consumers. We need a single, federal set of rules. Companies and enforcers alike should focus on ensuring everyone is living up to that standard.

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